



# **How We Work with Suppliers**

**Upholding Apple's values in our supply chain**



## Our values lead the way.

We believe that every person has the right to a safe and healthy workplace where they are treated with dignity and respect, and that as we build our products, the environment must be protected. This document explains how we work with our suppliers to uphold our values throughout our supply chain.

To learn more about our work, including our most recent progress, read our annual People and Environment in Our Supply Chain report, available on [apple.com/supplier-responsibility](http://apple.com/supplier-responsibility).



# A global opportunity

At Apple, we care as much about how we make products as the products we make. The products and services that we create require resources from a global chain of suppliers and their employees who provide labor, goods, and services to Apple.

The work performed in our supply chain is complex and varied — from smelters and refiners, to the manufacturing partners that build components and perform final assembly of our products, to recyclers. It also includes services providers that support our operations, such as the logistics partners who ship our products all over the world, and the janitorial teams that maintain our retail stores. Our requirements, along with all applicable laws, apply to suppliers across all of these areas including deep into our chain, where primary materials are sourced by our suppliers.





# The highest standards

In 2005, the Apple Supplier Code of Conduct (Code) and the Supplier Responsibility Standards (Standards) were developed in alignment with international labor and human rights standards, including those from the International Labour Organization (ILO), the United Nations Guiding Principles on Business and Human Rights (UNGPs), the Organisation for Economic Co-operation and Development (OECD), the Responsible Business Alliance (RBA) Code of Conduct, as well as industry-leading health and safety organizations.

Our Standards supplement our Code by providing additional clarity regarding Apple's requirements. Apple suppliers must meet these Standards to be in compliance with the Code. Suppliers are assessed against the Code and Standards through rigorous independent, third-party Code of Conduct assessments, as well as other third-party audit programs.

Our strict human rights and environmental protections set the foundation of our work. Then, we continuously evaluate our own efforts, listen to people in our supply chain, and implement robust programs that have a measurable impact on protecting people and the planet.

Areas addressed by the Apple Supplier Code of Conduct



Labor and Human Rights



Health and Safety



Environment



Ethics



Management Systems



# Raising the bar: Expanding and updating our Code and Standards

More than fifteen years after their development, we continue to evaluate and update our Code and Standards annually, raising the bar that our suppliers must meet. Every year, we incorporate feedback from stakeholders and align to evolving legal norms and best practices, so that our Code and Standards reflect current internationally recognized standards.

2022	Updated machine safety requirements, adding new and expanded protections to help keep people safe at work  New Code requirement for minimizing landfill waste and tracking diversion rate	2018	Expanded scope of Responsible Sourcing of Materials Standard to all materials	2012	Extended Code and Standards beyond manufacturing to include suppliers such as AppleCare contact centers, logistics and repair centers, and software development centers
2021	Updated Education Program Management Standard to prohibit the hiring of student workers to fill short-term gaps in labor supply	2017	Extended Code and Standards to include materials processors	2008	First Code requirement restricting workers' payment of recruitment fees
2020	Introduced the Infectious Disease Preparedness and Response (IDPR) standard  Added provision in our Code prohibiting suppliers from having manufacturing operations in, recruit labor directly or indirectly from, or source materials, products, or services directly or indirectly from regions where Apple and third-parties cannot access and conduct comprehensive, independent evaluations of their suppliers' compliance with our Code and Standards	2015	Code and Standards applied to Apple's Retail supply chain, including suppliers that provide janitorial and other services to Apple Retail stores worldwide  Enacted policy prohibiting recruitment fees	2007	Extended Code of Conduct deeper in our supply chain to component manufacturers
		2014	Added requirements for the responsible sourcing of minerals	2005	Apple's Code of Conduct created

# Our approach to continuous improvement

We achieve progress by holding ourselves and our suppliers accountable every step of the way, from product design through recycling and everything in between. Our requirements apply across our supply chain, regardless of the goods, labor, or services a supplier provides to Apple, and our scope continues to evolve as our company evolves into new lines of business.

We uphold our requirements which protect people and the planet through rigorous assessments — and if we find issues, we work with suppliers to help them improve their operations and make long-lasting changes. Assessments are an important tool that provide a snapshot of a supplier's performance and help us to prioritize our engagement. Because they only represent one moment in time, they alone are not sufficient, and we engage many other methods of holding suppliers accountable to our standards.

We track and measure our performance across a range of areas, and we apply the lessons we learn to continually improve. In addition to assessments, we also seek input from experts across the industry and civil society, asking for feedback on what we are doing well and where we could be doing more. This feedback is critical for us to move forward in the ways that are most meaningful.

Finally, we report our performance publicly in several ways, including in our annual People and Environment in Our Supply Chain report, Statement on Efforts to Combat Human Trafficking and Slavery in Our Business and Supply Chains, and Conflict Minerals Disclosure.





# Our assessment process

**Supplier performance is assessed against our Code and Standards to drive improvements in the areas of labor and human rights, health and safety, environment, management systems, and ethics. Assessments — which are conducted globally — are a comprehensive and rigorous process that can take anywhere from a day, to more than a week, depending on the scale of the supplier's operations.**

## Conducting rigorous assessments

An assessment consists of extensive document reviews, a thorough site walk-through, and interviews with the supplier's employees and management. We prohibit interference of any kind in our assessment process. We work with independent, third-party auditors that are accredited to meet international auditing standards. Many of the firms that conduct our assessments are also those certified to meet the standards of the Responsible Business Alliance (RBA). The third-party auditors evaluate suppliers against more than 500 criteria, verify compliance, and identify areas for improvement. Supplier employee interviews are conducted in a confidential space in the employees' native language and without their managers or cameras present. Apple partners with auditing firms that provide local auditors with native language capability so that no language barrier exists between the supplier employee being interviewed and the auditor. In addition to providing third-party anonymous hotlines where supplier employees can report any concerns, we follow up with the supplier employees interviewed by auditors to ensure

that they have not experienced any retaliation as a result of participating in the assessment.

Each assessed facility is ranked on a 100-point scale in each of three assessment categories (labor and human rights, health and safety, and environment), with the average of those scores comprising the facility's composite score for the year. We also conduct unannounced assessments every year, as well as unannounced investigations in response to allegations, or to verify that remediation of violations has been completed.

In addition to third-party Code of Conduct assessments, we require many of our suppliers to also undergo the RBA's Validated Assessment Program (VAP), a facility-wide, third-party assessment widely used by the industry.

*To learn more about this year's progress, see our [People and Environment in Our Supply Chain](#) report.*

## High-level factors contributing to assessment selection



**Is this a new supplier?**



**What is the supplier's previous assessment performance?**



**What is the supplier's geographical location?**



**What is the amount of business done with Apple?**



**What is the supplier's previous record of Core Violations<sup>1</sup> or allegations?**



**Are Foreign Contract Workers employed?**

<sup>1</sup> | Core Violations are the most serious level of violation of our Code and Standards.



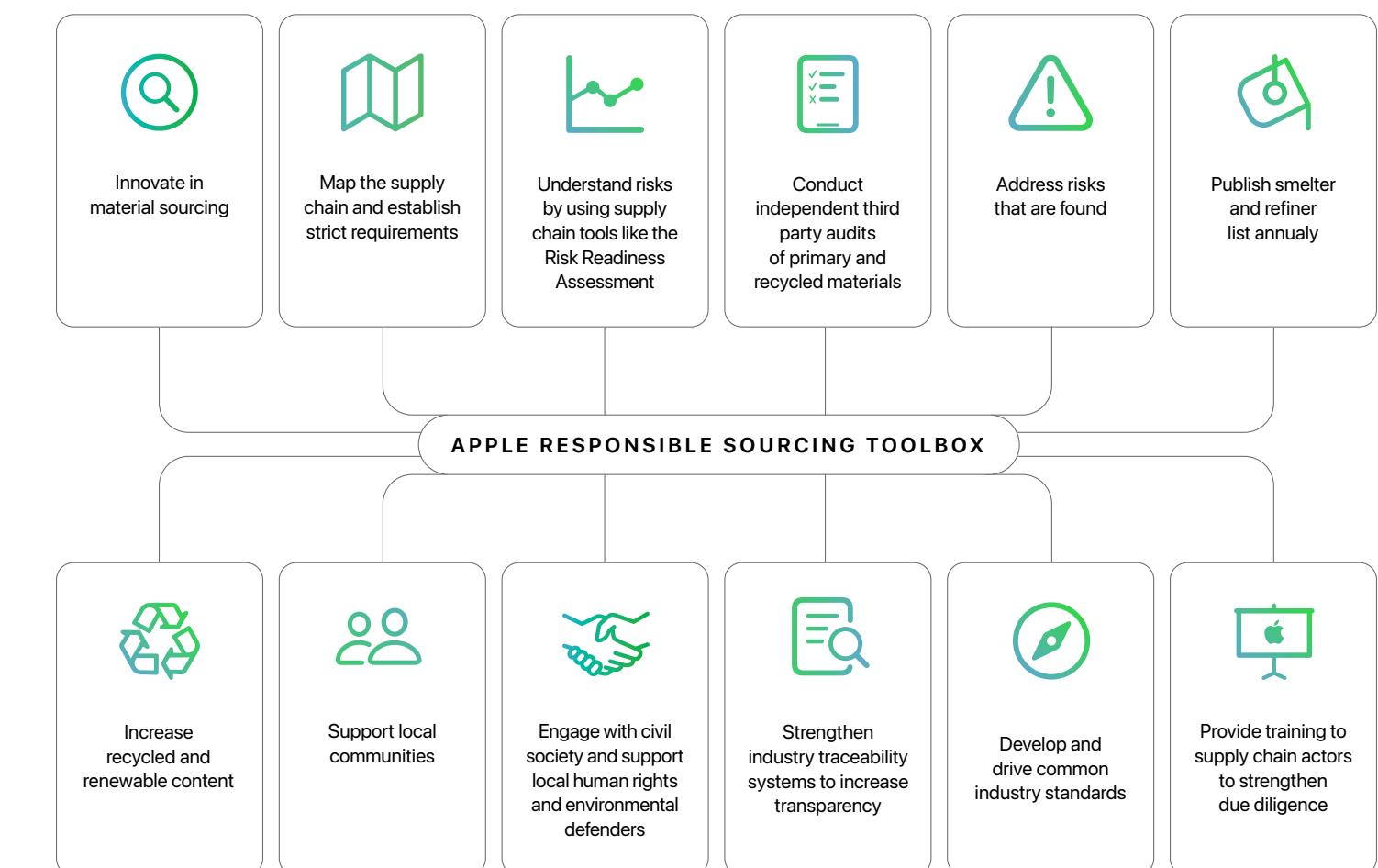
# Upholding standards deeper in the supply chain

Although Apple does not directly purchase, procure, or source primary minerals, as we make progress toward our goal to use only recycled and renewable minerals and materials in our products and packaging, we continue to source primary materials responsibly, while working to improve conditions in and around mining communities.

Our Responsible Sourcing of Materials Standard covers all primary and recycled materials, including advanced and bio-based materials. Our standard aligns with leading international standards, including the UNGPs and the OECD Due Diligence Guidance.

From mapping our supply chain and assessing risk, to conducting independent assessments, engaging with civil society and industry, and investing heavily in innovation, we take a strategic, comprehensive approach to upholding standards in the sourcing of materials.

We utilize independent, third-party auditors to assess the smelters and refiners that process minerals required to build Apple products. Smelters and refiners for key minerals are required to report, assess, and mitigate risks in their business practices based on the findings of annual assessments. If a smelter or refiner is unable or unwilling to meet our requirements, they risk removal from our supply chain.





# Holding suppliers accountable to our high standards

In addition to having teams from Apple in our suppliers' facilities regularly, we work with independent, third-party auditors to perform rigorous assessments of our suppliers' performance in upholding our strict standards.

## Activities included in our Code of Conduct assessments



### Management interviews

We interview supplier management to confirm that proper management practices and systems are in place as required by our Code and Standards.



### Extensive document review

We thoroughly review employee records, payroll information, contracts, and policy documentation.



### Employee interviews

We interview supplier employees, in their native language and without management present, to confirm that our observations match their experience.



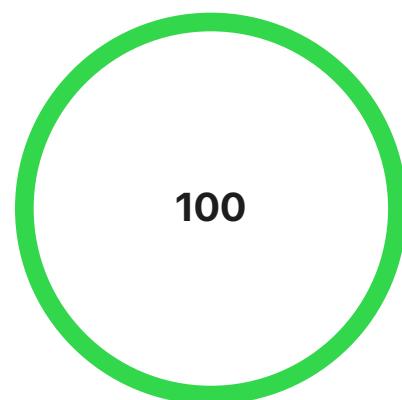
### Site walk-throughs

Our detailed inspections look at chemical safety, fire safety, indoor air quality, machine safety, environmental controls, and personal protective equipment, among many other requirements.



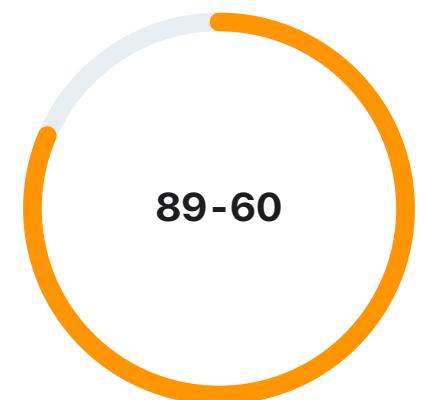
# Understanding assessment results

## Our 100-point scale for supplier assessment scores



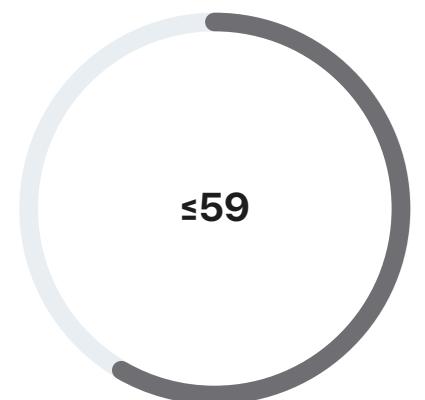
### High-performer

- Mature management systems and consistent implementation
- Minor and isolated Code violations
- Assessments typically identify 50% or fewer findings as compared to other suppliers



### Medium-performer

- Typically have some management systems in place, but may be underdeveloped or implemented inconsistently
- May have major, isolated Code violations and/or numerous minor violations
- Average number of assessment findings as compared to other suppliers



### Low-performer

- Management systems are severely underdeveloped or non-existent
- Major violations found across a number of Code categories
- Assessments typically identify 2x the number of findings as compared to other suppliers
- Any supplier found to have a Core Violation of our Code, whether during an assessment or at another time throughout the year

## Findings in our assessments are categorized by level of severity:

**Administrative Non-Compliance:** Denotes policy-, procedure-, training-, or communication-related findings

Examples of administrative non-compliance include:

- Inadequate record-keeping
- Inadequate documentation of policy or procedures
- Insufficient training on policy

**Violation:** Denotes non-compliance with our Standards

Examples of violations include:

- Insufficient provision of benefits
- Inadequate pre-placement/on-job/post-employment occupational health exams
- Inadequate environmental permits

**Core Violation:** The most serious violation of Apple's Supplier Code of Conduct

When a Core Violation is identified, the supplier's Chief Executive Officer (CEO) is notified, and the supplier is immediately placed on probation. Probation is the period beginning when a Core Violation is discovered by Apple, and ending when Apple determines the supplier has completed all corrective actions. Examples of consequences resulting from probation include receiving no new projects, no new business, and the termination of existing business with Apple.

Beyond immediately addressing the Core Violation, suppliers must also make changes in their management system that address the root causes of the violation, take and sustain preventive measures to ensure the violation does not reoccur, and provide remedies to affected workers in line with the UNGPs. Any supplier found to have a Core Violation is automatically classified as a low-performer for the year.

## Some Core Violations of our Code include:

- Abuse
- Underage labor
- Debt-bonded labor
- Forced labor
- Falsification
- Retaliation
- Obstruction of an assessment
- Bribery
- Unsafe or unhealthy environment provided to workers that may cause imminent significant risk of serious injury, illness, property damage, or any form of loss
- Defeated safety devices or impaired loss control system without additional controls to prevent serious incident
- Inadequate maintenance or intentional circumvention that demonstrates the failure of an environmental abatement system
- Lack of required environmental approvals or controls
- Use of prohibited substances
- Illegal disposal of hazardous waste



# Addressing assessment findings

**Our goal is to work hand-in-hand with suppliers to help them improve their management systems, rather than to simply remove them from our supply chain without correcting the issues we discovered. In the event that a supplier is unwilling or unable to improve their operations to meet our requirements, they risk removal from our supply chain.**

Achieving progress requires strong processes to hold suppliers accountable, address violations when they are discovered, and validate that corrective actions have been completed. We call these processes Corrective Action Plans (CAPs) and Corrective Action Verifications (CAVs).

Following an assessment, we discuss findings with the supplier at their facility, and work with them to create a CAP. The supplier is provided with feedback and identification of issues, and is then required to conduct root-cause analysis to develop corrective actions. As part of the process, our capability-building team provides suppliers with training on industry best practices and guidance in resolving identified issues, as well as help to strengthen their management systems and practices to prevent the issue from reoccurring.

During this period, 30-, 60-, and 90-day required check-ins with Apple ensure that supplier questions are addressed and that clarification, awareness, and training are provided where needed as part of our capability-building efforts.

We then conduct our CAV process to verify that all corrective actions have been successfully implemented, and necessary steps have been taken to prevent a reoccurrence.

We prohibit retaliation of any kind against supplier employees who participate in our assessments. We partner with a third-party organization to contact supplier employees interviewed during assessments to confirm that they were not subjected to retaliation.

## Addressing allegations

We take allegations concerning our suppliers very seriously. Allegations can come from different sources, including civil society organizations, news outlets, people in the supply chain, and anonymous reports through the channels we make available to supplier employees and the public.

Thorough investigations of allegations are conducted. If a violation is discovered, a CAP is put in place.



# Capability-building through expert guidance

**A key component of every CAP is capability-building, where Apple experts support supplier teams in improving their management systems to resolve immediate issues and prevent them from reoccurring.**

In 2016, the Subject Matter Expert (SME) program was introduced to send Apple experts on-site at supplier facilities to help define customized capability-building plans. The SME team is comprised of more than 30 experts with robust industry experience and knowledge to solve both management and technical issues. Our experts connect directly with suppliers to work through improvements and CAPs using a variety of capability-building tools.

These include one-on-one assistance and online learning through illustrated, self-paced learning manuals that provide instruction and requirements for areas of our Code and Standards commonly encountered in daily operations. We continue to expand the topic areas covered by these tools.

**Knowledge areas currently included in capability-building and the associated tools and training include:**

## **Labor and Human Rights**

- Labor recruitment process
- Protected class management
- Discipline management
- Third-party employment agency/educational program management
- Wage and benefit management
- Grievance management
- Exit process
- Foreign Contract Worker management

## **Environmental Management**

- Environmental permit management
- Waste management
- Wastewater management
- Stormwater management
- Air emissions management

## **Health and Safety Management**

- Risk assessment
- Emergency preparedness and response
- Personal Protective Equipment (PPE) and signage
- Industrial hygiene
- High-risk tasks management (work at height, hot work, confined space entry)
- Lock-out tag-out
- Chemical management
- Ergonomics incident management



## **Tested processes for remediating Core Violations.**

After more than 15 years of engagement and capability-building with our suppliers, Core Violations of our Code have become increasingly uncommon, and supplier performance continues to increase year-over-year. When a Core Violation does occur, we immediately enact our strict remediation processes to resolve the violation.

Following are examples of these remediation processes as they relate to Core Violations for debt-bonded labor, working hours violations, and underage labor. We continue to report transparently on Core Violations each year.



# Remediation of debt-bonded labor

**Apple has zero tolerance for debt-bonded labor. Our remediation process for debt-bonded labor focuses on direct remedy, where suppliers repay employees for any fees paid in the process of obtaining a job.**

If debt-bonded labor is discovered, the supplier's CEO is notified, and the supplier is placed on probation, requiring them to submit a worker repayment plan for approval by Apple. Once approved, the supplier directly repays their employees for all fees paid, and repayment is verified by a third-party auditor.

## Debt-bonded labor remediation process



### Violation Identification

Apple and third-party auditor identify debt-bonded labor violation



### Violation Communication

Apple communicates violation to supplier's CEO



### Sign Terms

Supplier signs probation and repayment terms



### Repayment Plan

Supplier submits worker repayment plan for Apple approval



### Employee Payment

Supplier repays their employee(s)



### Payment Verification

Third-party auditor verifies repayment to employees at supplier site



# Remediation of working hours violations

**Proper time for rest and leisure is fundamental to a safe and healthy work environment. We review working hours as part of our assessments and establish CAPs as needed.**

If falsification of employee working hours is discovered, the supplier is placed on probation and their CEO is notified.

The supplier's ethics policy and management systems are then thoroughly reviewed to identify root causes. The supplier is also required to undergo additional assessments to ensure that policy changes are implemented to prevent future violations. In addition, if employee hours were misrepresented, the supplier must revise all records to reflect an accurate accounting of hours worked.

## Working hours falsification remediation process



### Violation Identification

Apple and third-party auditor identify records falsification violation



### Violation Communication

Apple communicates violation and notice of probation to supplier CEO; supplier signs probation terms



### Root Cause Identification

Apple and supplier review supplier's ethics policy and management systems to identify root cause



### Regular Assessments

Supplier is required to undergo regular assessments to ensure the reviewed policy is implemented to prevent future violations



### Correct All Records

Supplier must revise all records to reflect accurate accounting of hours worked by their employees



# Remediation of underage labor

If underage labor is discovered, specialized third-party assessors are brought in for an in-depth review, and the supplier is required to immediately prevent the employee from continuing to work, and return the underage individual to his or her home safely.

Educational opportunities are presented to the underage employee and his or her guardians. The supplier is required to pay all tuition and educational fees, and to continue to pay the individual's wages that would have been earned at the supplier facility until the individual reaches legal working age. Follow-up is conducted to verify the individual's overall well-being, both at school and at home. Once the student reaches legal working age, the supplier is also required to offer the individual employment.

## Underage labor remediation process



### Violation Identification

Apple and third-party auditor identify violation, supplier's Chief Executive Office is notified



### Return Home

Supplier is required to immediately provide safe passage home to underage employee



### Wages Paid

Supplier is required to continue to pay wages to supplier employee until he or she reaches legal working age



### Education

Supplier is required to provide educational opportunity for supplier employee



### Employment Guarantee

Supplier is required to provide employment opportunity when the individual reaches legal age



# Additional references

Visit the Apple Supplier Responsibility site for additional information on our work to uphold Apple's values in the supply chain. Resources available include:



[Apple Human Rights Policy →](#)



[People and Environment  
in Our Supply Chain Report →](#)



[Apple Supplier Code of Conduct  
and Supplier Responsibility Standards →](#)



[Apple Supplier List →](#)



[Conflict Minerals Report →](#)



[Apple Smelter and Refiner List →](#)



[Apple Regulated  
Substances Specification →](#)



[Efforts to Combat Human  
Trafficking and Slavery Disclosure →](#)



## A relentless focus on better.

Continuous improvement is in Apple's DNA, and our work to uphold the highest standards across our global supply chain is no exception.

We believe that business can and should be an innovative force for good. By upholding our values everywhere that our business reaches, we strive to prove this to be true, and share what we've learned with others, so that everyone moves forward, faster.

Our work continues.



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